

**Performance of NCBs**

The other day we published a report which depicts rather an uninspiring picture of performance of the banking sector in financing industrial ventures. To go by this account, during the first five months of the current fiscal year, the nationalised commercial banks (NCBs) sanctioned only about thirtytwo per cent of the annual target for disbursement of term loans to the industrial sector. It has also to be borne in mind that there is usually a lag between loans sanctioned and the amount actually disbursed. For instance, in the last fiscal year, loan disbursed came to about sixtysix per cent of the total amount sanctioned. Taking into account this lag between loan sanctioned and amount disbursed, the performance till now this year does not exactly call for a celebration.

To reach a take-off stage, the country's gross domestic product (GDP) has to grow annually by six to seven per cent in the medium term, as compared to the 1981-90 average of 4.1 per cent. In 1992-93, GDP grew by five per cent and the year before that, by less than four per cent. So, quite a lot of ground waits to be covered yet. To attain the desired level of growth, the investment GDP ratio needs to be raised to eighteen per cent from just about thirteen per cent last year and twelve per cent in the year before that. The manufacturing sector would need to attain a growth rate of over ten per cent annually, as against the 1981-90 average of 5.6 per cent. Hence the increasing emphasis on new investment in the industrial sector.

In all fairness, it needs to be noted that the track record of the NCBs this time, though off the target, is slightly better than last year. Industrial term loans sanctioned by them during the first five months came to more than fifty per cent of the total amount sanctioned during the whole of the last fiscal year.

Performance of the NCBs is crucial to the achievement of the target for industrial term loan disbursement this year. Their share accounts for more than seventyfive per cent of the target. However, they also need continued support by way of infusion of expertise and appropriate policy framework and, may be, a word of appreciation once in a while, when they seem to be doing well. As the nomenclature suggests, the NCBs were organised mainly to finance commercial and trade related activities. It was only in the late seventies that they were pressed into funding more and more of industrial ventures. Industrial financing requires not only expertise in project appraisal and its follow-up, but also in portfolio management. And, if the NCBs are relatively newcomers in industrial financing, private sector banks are more so. It's all the more interesting to note that a specialised institution for industrial financing, namely the Bangladesh Shilpa Bank (BSB) with all the needed expertise at hand, has been assigned a relatively minor role in promoting new industry. BSB's share in this year's industrial term lending comes to only about seven per cent of the overall target. Rather, there are talks of BSB branching out into commercial banking. Such a step would not only diffuse its portfolio but also destroy its character.

Government has taken new initiatives to encourage banks in industrial lending. Introduction of a credit guarantee scheme is one such move. Although full details of the scheme are not at hand, it is to be hoped that it will promote the level of bank financing in the industrial sector and help investment grow. All the same, it is painful to note that the government's own investment programme through the Annual Development Plan (ADP) continues to lag behind. In the medium term at least, the bulk of the incremental outlay would have to come from public investment by way of the ADP. Last year's ADP performance had fallen short of the target as usual. Performance so far this year promises no better. Already there are talks of scaling down the size of the current ADP. While exhorting the banks and the private sector to invest more, the government should also take care to put its own house in order.

**A Tall Order to Match a Taller Challenge**

Two chimneys jutting masculine fashion into space and spewing black smoke made the more picturesque by a wind-driven slant; this could be a sign for industrial power. But the picture instead represents a very bad challenge for Bangladesh.

The two chimneys of The Daily Star photograph on Thursday's issue are accessories of a brickfield kiln. In the foreground are piles of logs. Brickfield owners are using logs as firewood despite availability of huge stocks of imported coal in the country, says the caption. It doesn't say that the kilns are fired by wood in spite of a government ban on it. The nation's journals have already written reams against this dangerous violation of law. That hasn't affected the brickwallah's ways. Forest after forest is being pushed into brick kilns without any resistance from anywhere. Trees are also being felled by their hundreds for tobacco processing at the grower's level. A cigarette giant feeling unhappy about it has, in compensation as if, gone for massive afforestation programmes. The brick people haven't come up with any matching attempt.

The tall-tale picture can drive many to a point of despair. Wouldn't this open plunder of our fast dwindling green cover, on which depends the physical survival of this land as a habitat of man, ever be stopped? If there is indeed a state here managing the affairs of our people, why should we go about lamenting that the culprits don't do so? Is any brickfield on record so far of being penalised for burning wood? If not, what was the point of the ban then? It may be so that the prescribed punishment is not effective as a deterrent. Then what's the harm in making it effective? The smoking chimneys of the brickfield burning wood are more a testament to government failure arising from incomprehensible indifference to the matter.

It is for the government to make people aware of the consequences of defoliation. Rainfall will drop in quantity and frequency and rivers dry. Land will lose its life-giving fertility. A rolling desert will overtake in a matter of decades whatever has now been left of the fabulous green canopy of this land. Anyone, any agency, any organisation or community would, faced with such a real threat of extinction, have made a moral taboo of treebashing — quite rightly. What is the duty of a state in such a situation?

The government must arrange things so that not one more log is pushed into the brickfield kiln. More, felling of trees on public land must be stopped under pain of severe punishment. And treepoaching at forests must be treated as a crime. Tall order? Well, the challenge is taller.

'HARTAL' or Bandh is, perhaps, one of the oldest modes of protest in this part of the sub-continent. A glance at history tends to reveal that hartals sharpened and geared up many of the anti-autocratic and anti-government movements in the past, the reminiscence of that during the last regime, notwithstanding. It goes without saying that an instrument of protest like hartal inevitably breeds dislocations and economic disruptions but even then, in some cases, people tended to provide moral and physical support to it.

By and large, however, the successes of hartals could be attributed to the 'fear' and hardly to the 'choice' of people. Traditionally, and perhaps by necessity, the party in power appears hartal-averse while their counter part, hartal-lovers. Interestingly enough, the stand of the successive governments on hartal seems to be full of ambivalence. For example, while the policy mentors within the government leave no stone unturned to project the dark side of hartals and attempt to portray the 'hartalites' as unfriendly to development, the government owned media like TV and Radio almost sweat to display a sign of normalcy during hartal period. Needless to mention, this type of 'stance' by the government silently glorifies hartal and provides a credence to those who called it.

Quite contrary to popular belief and expectations, the two-and-a-half-year old government of Prime Minister Khaleda Zia has already been confronted with a number of hartals by her adversaries. In fact, so much use of the term 'hartal' is now being made these days that it ceases to be a 'noun', rather, appears as a 'noise'. Noise is always bad and as such warrants serious thoughts on its chemistry of growth to mitigate, if not stop, the adverse impacts of hartal. Given the traditional techniques of politics used by

**Hartals: Plus and Minus Equal to Zero**

by Abdul Bayes

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the politicians of our, the lower level of education of the masses, the infancy of democratic institutions and the less transparent government policies, we can only say that hartal might continue to visit us in the future but the number of visits could possibly be cut to size by a more pragmatic approach on the part of our leaders.

**Economic Cost**

Hartal usually imparts two types of economic costs on the society that can be mentioned. For example, there are those costs which are ordinal in nature (i.e. non-quantifiable costs) such as: (i) the mental pressures centring around hartal that might attack people on either side of the fence; (ii) the frustration among citizens, brought forth by frequent hartals, about the future of the country; (iii) the loss of the country's image reflected mostly in terms of investment climate and other economic transactions; (iv) gradual dissipation of work ethics and (v) a growing aversion to work by the people etc. It may be mentioned here that these ordinal costs of hartal hardly dominate popular discussions, although, these might impose a long-term fall in productivity of economic agents. The other costs of hartals are cardinal in nature (i.e. quantifiable) and, among others, mostly relate to (i) fall in output and (ii) damages to property during or in the aftermath of hartal.

Leaving aside the damages to property for the moment, just how much of production is adversely affected by hartal? It is very difficult to come out with a reliable estimate and probably

none has it either. However, given some assumptions, we can arrive at a 'raw figure' to proceed with the analysis. Assume that: (i) an eight-hour effective hartal is observed all over Bangladesh on a particular day; (ii) the output of agricultural and public services sectors are not affected by hartal and if otherwise, the amount is negligible; (iii) the output in transport, communication, electricity and gas are totally denied by such hartal and if not, the share of output taking place is very slim and (iv) the output of other sectors are adversely affected by varying degrees and as follows: industry 70 per cent, commerce and other services sectors 60 per cent, house building 20 per cent and other construction works 40 per cent.

The annual GDP of Bangladesh is, suppose, Tk. 78,960 crore (in fact this figure is the estimated GDP at constant 1989/90 prices for 1992/93). Assuming eight hours' work a day and 280 working days a year, the per day GDP comes to about Tk 282 crore i.e. the normal daily Bangladeshi GDP. If we now blow up the losses of output assumed earlier and distribute them across different sectors, the total output on hartal day would stand at about Tk 115 crore. The difference (or the loss of output due to hartal) is to the tune of Tk 167 crore and constitutes roughly 59 per cent of normal output per day. Thus, a one-day hartal of the sort we are talking about tends to cost us a Meghna Bridge and a two like this forgoes a Meghna-Gumti Bridge plus almost a Kachpur Bridge. Of course, the

degree of severity of the costs would hinge on the degree of reliability of assumptions. If the hartal applies to Dhaka city only and that also for less than eight hours, relatively speaking, the cost would be like a small drop in the ocean. But bear in mind, that small drops can make an ocean.

Quite obviously, and more often than not, the estimate (or guesstimate) of ordinal and cardinal losses stipulated earlier should place the opponents of hartals (the party in power and allies) in reasonable comfort so much so that they can bash the hartalites by citing these damages and also posit them as anti-development and anti-people. But given the recurrence of hartal-politics of Bangladesh and the imperatives beneath, there should not be any room for such complacency, whatsoever. Instead, we should pose to ourselves: Why is it so and what are the policy imperatives to undo it? Only such views could, perhaps, minimize the wreck.

**Important Observations**

Three important observations relating to hartal need mention. First, frequent hartals tend to reduce the nobility of this instrument of protest on the one hand and is likely to enhance its marginal disutility to all concerned, on the other. Further, a permanent or quasi-permanent status of hartal to domestic politics would turn out to be counter-productive for both in position and the opposition. It is a short run gain to opposition and vice versa in a game where two parties have more or less equal chance of

sitting on the seat. Second, it is true that most of the people in the country do not like hartals (one survey showed 97 per cent) but equally true, perhaps, is the fact that people in general tend to sympathize with the reasons for which hartals are called. Third, the hue and cry over the economic losses resulting from hartal possibly cannot make appreciable dent. The people are anti-hartal simply because that tells upon their easy mobility and daily routine but not probably because of economic losses of the society. The latter notion, unfortunate though, principally derives from the losses that the economy faces even without hartal. For example, to cite a few, the yearly loss of a sector corporation alone is alleged to be Tk 400 crore which is the cost of 3-4 eight-hour, effective hartals, countrywide. The spectre of system loss in WASA and the power sector is regular top stories that people with minimum literacy rate are aware of. Railway's and Biman's economic news are equally disturbing. In the government offices, the 'artificial scarcity premium' on services and the treatment, 'not to-day, come to-morrow' are still hang-overs of the system. Engulfed such, the losses on account of hartal might not appear big to people and in consequence, tend to harbour a sense of *fait accompli*.

**Fair Play in Politics**

What is then the way out or the ways to minimize the wreck? The answer is: a fair play in politics. Politics is called by many as a zero-sum game where one gains and the

JAPAN is one of the highly developed countries in the world and economically the most viable. Some analysts think that the meteoric rise of Japan is due to the favourable political and economic environment after the devastating Second World War. Others say that this is due to excellent economic and industrial policies of the successive Japanese governments. In fact, the Japanese had already absorbed certain level of basic technology spanning through its more than 200 years of modernization process before the World War II. Still others believe that Japanese are hard-working people. Hardworking in the sense that their productivity is higher than that of other nations.

Some Japanese business experts called it secret management. Now what is the technique of secret management? Let's try to discuss some of these 'secrets'.

For businessmen, the corporate is part of society and it operates for the benefit of its employees. Corporate managers need to share the benefits with the employees. Their company exists for the society and people at large.

Each company always thinks that the customers are the most important factor and that products must satisfy them. Profit is the result of customer satisfaction, which, however, is the ultimate goal of business.

A top manager pushes this kind of idea into the mind of all

**Economic Prosperity : the Japanese Experience**

by Rathindra Nath Sanyal

employees he leads — directly or indirectly via the intermediate management. For employees must be given some idea about the manager's philosophy. They have to understand that when the company gains more, as employees they too will share that profit. An employee's prime source of income is from the company, so he becomes willing to put extra efforts for improving work efficiency and thus to receive higher income. Japanese employees philosophy is: "We are all-in-this." As such the Japanese employees work hard for their company.

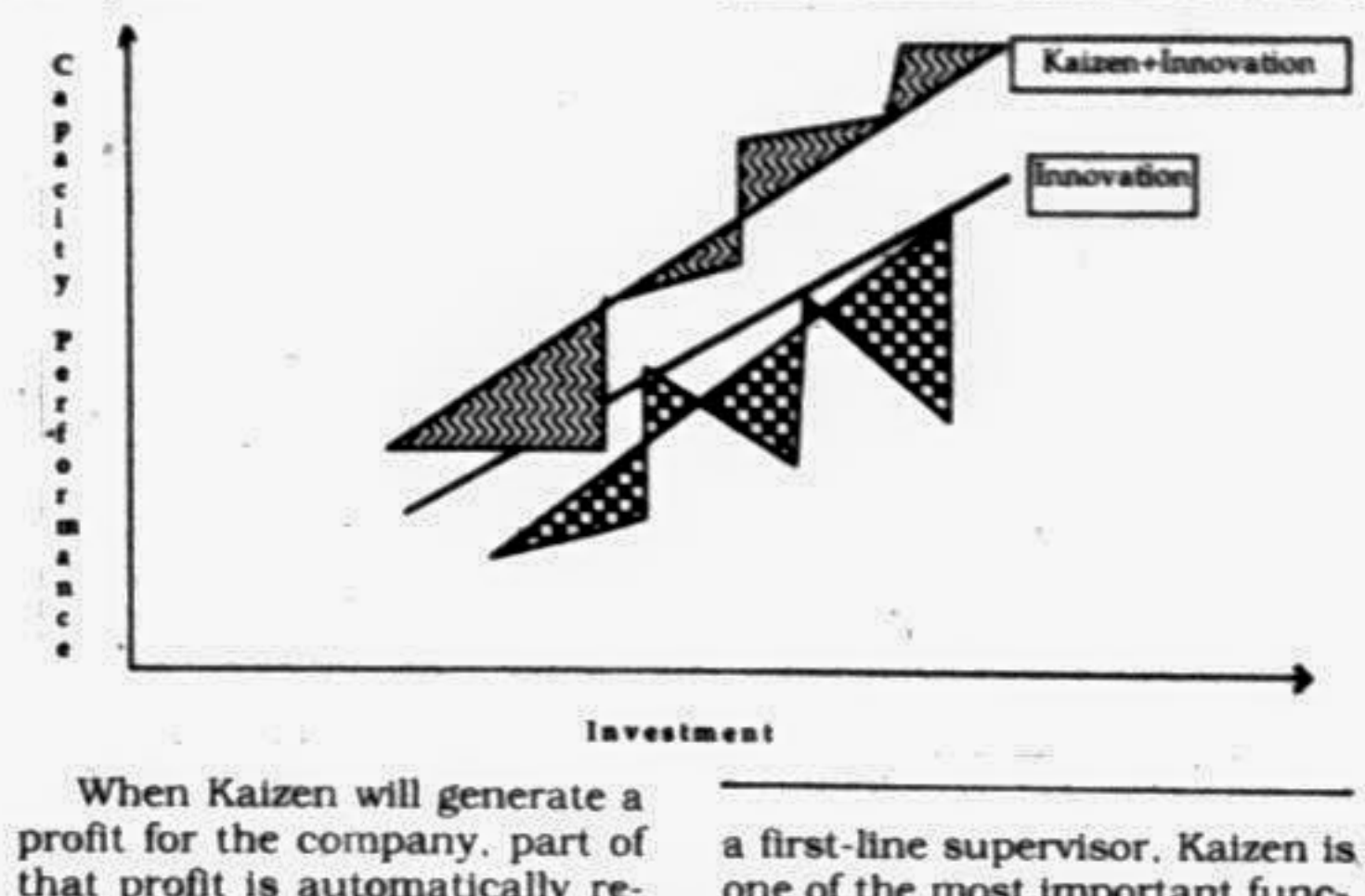
Although, corporates are owned by stockholders — who obviously take business report as well as dividends — they are not interested in management methodology like the changes in stock prices or dividend rates. They are much confident with their current managers.

Japanese employees are trying to do their best by self-realization and self-fulfilment through 'Kaizen' (built-in) approach: Well, each employee is expected to improve his methods, tools, or systems in the course of daily work. One may question about the role to be played by the professional engineers. Companies never underestimate the role of engineers, they introduce new machines and equipment and therefore bring about innovations to the manufacturing site. Here, how-

ever, the shop owners play a vital role.

Let us try to understand the difference between innovation and Kaizen. Innovation implies (i) introduction of new technologies, machines, equipment, etc., (ii) involves big investment and (iii) it is initiated by engineers. On the other hand, Kaizen implies (i) continuous effort for improving (ii) with no big investment (iii) conducted by shop workers.

The following graph shows how performance suffers when investment is made without Kaizen and how better performance is achieved by adopting Kaizen in respects of output and profit.



When Kaizen will generate a profit for the company, part of that profit is automatically received by the employees in the form of bonus or salary.

ceived by the employees in the form of bonus or salary.

Kaizen promotes operational rationalization and ultimately relieves the employees from hard and laborious task.

If a manager gives a chance to 'Kaizen', employees look at their work from different angles, since repetitive work is very much boring for everybody.

We see, through Kaizen approach, employees would recognize how exciting it is to exercise their creativity in their work-place. The resultant sense of self-worthiness will only enhance their awareness that the company is theirs.

For a production manager or

a first-line supervisor, Kaizen is one of the most important func-

**To the Editor...**

**The resignation threat**

Sir, As a regular contributor on current affairs in the "Letters" column, my view is that the threat of resignation by the Opposition leader was making a mountain of a molehill, causing an unnecessary ripple of anxiety throughout the nation.

When I have to vote next time, I will have to think very carefully why I should vote for this party. There is no bar to the use of diplomacy in politics; but tit-for-tat attitude does not pay in the long run, and saps public confidence. What is the big hurry in a slow-moving, slow-setting, developing democratic environment?

My inexperienced conception of an ideal leader is somewhat like this: Must be relevant and topical (non-issues low down the priority list); transparency of ideas, plans, and actions. Fault-finding 'tendency is easy, and it is not an essential quality of leadership.

I wish to see what my leader can do, rather than what the others are not doing, or cannot accomplish. He (or she) must be broad-minded enough to appreciate where appreciation is due, and cooperate in a very visible manner when the same is called for, in national interest. To my leader, national interest must be above party interest, regardless of the style of the other leaders who are also working for the country. It is not difficult for a common citizen to spot the difference between propaganda and reality. There might be differences of opinion on the ways of achieving the common

national goals, but continuous and outright denunciations in and out of session is an unrealistic way of living together. Diversionary tactics are not difficult to spot, but difficult to hide for long.

There are many other virtues expected in a leader; but these need not be catalogued here. We all have to live peacefully in this land of ours, and our leaders will change from time to time. We expect all our leaders to demonstrate how to do so, avoiding continuous confrontations year in and year out. The citizens have not signed contracts to fulfil the ambitions of different leaderships. Efficient administration and constructive criticism can, and should, go together.

A Zabr Dhaka

**Election under caretaker government**

Sir, When the Deputy Leader of the House Prof A Q M Badruddoza Chowdhury declares that polls under caretaker government is unconstitutional, none in the country would disagree. He says it very rightly because our Constitution does not have any such provision. Hence, as of now no poll can be held under a caretaker government. Good enough. Defending his point he argues that "election under a caretaker government could only take place if there were a military government at the helm of affairs or a government that came to power by toppling an elected one."

None would dispute such a clear statement. But every one would like to see that those who hold such universally accept-

able view also practice it in their own case.

Late Ziaur Rahman's rise to power can be instantly cited as an example. Ziaur Rahman ousted Khondkar Mushtaque and became President. He was concurrently the C-in-C. And after forming a political party, he tried to show the world that he was heading a civil government. The general elections during his time were held when he was still in power. According to Prof Chowdhury's philosophy a caretaker government was to conduct such elections.

Ershad's Jatiya Party government too was a civilian elected government for all practical purposes. How then three political conglomerates could have insisted for a caretaker government before February 1991 election? In recent time, Pakistan's Nawaz Sharif acceded to the popular demand for a caretaker government for their October 6 election. Sharif did not show any obstinacy or obduracy against such a proposition. And even though he was defeated it was indeed a glorious one.

The several bills on the subject placed with the parliament secretariat by the opposition members could be predicted to face rejection by the majority. At least the pre-session observations of the Deputy Leader of the House and some of the most vocal ministers justified such premonition.

Perhaps, in the back of their mind the BNP members are nursing an eerie hope to remain as ruling party unto eternity. So any general election without their remaining in power, may foil their cherished hope. Conversely, in their largely attended public meetings the BNP

leaders, including the Prime Minister, have been forcefully claiming that the 'defeated' force was discarded by the people and that they would never be able to come to power. Then why feel disturbed at the idea of caretaker government?

We wish good sense would prevail and bill on caretaker government would get a unanimous passage. BNP must show this wisdom to have a breathing time to mend its fences.

Tapader Md Khalilur Rahman Mirpur, Dhaka

Kazi Alauddin Ahmed Shantnagar, Dhaka

**Let's laugh a bit**

Sir, People of this country lost confidence in elections. Rigging, possession of booths, snatching away ballot boxes, stamping and the like were the modes of election. Candidates hired musclemen and had no desire to turn to voters. Bullets replaced ballots. Might prevailed over rights.

But fortunately last election was held under a caretaker government. The election was free and fair. Winds of democracy started blowing since then. Lost confidence on polls regained. Fairness of that election was highly appreciated at home and abroad. The defeated candidates conceded the defeat immediately after the election was over.

Recently, election under caretaker government was held in Pakistan. To wipe out post-election murmurs of allegations and counter allegations, election under a caretaker government is the only proven alternative to us.

Therefore, national election under caretaker government is to be adopted as a convention.

The caretaker government should be headed by the Chief Justice of the Supreme Court and other members of the cabinet will be those who will not seek candidature in the election. Identity card for voters should be introduced to remove impersonification and malpractices.

Tapader Md Khalilur Rahman Mirpur, Dhaka

**Innocent depositors**

Sir, We are greatly shocked to witness, on BTV's "Drishitikon" magazine programme, the sorrowful condition of the depositors of money to BCI Ltd which was closed down by the government some nineteen months back. Many of these depositors had their life's savings deposited in BCI Ltd.

Due to the shock and grief of losing their hard earned money, some of them were reported to have suffered stroke and died.

One of the letter-writers, Mr A B Sattar, who is also the chairman of 'BCI Ltd Amanatkar Samiti' has been writing in newspaper columns urging the government to take a rightful stand, deliver justice without fear or favour and rescue the eighteen lakh depositors from an existence worse than miserably by immediately reopening/reviving BCI Ltd as a scheduled bank as it has done with BCCI and NCL.

We strongly support the above proposal and earnestly call upon the government to take urgent measures for ending the sufferings of the innocent depositors.

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other losses just the amount of the gain accrued to the other. And quite close to a football match, the game of politics is assumed to bear some rules of the game to contain each side from indulging in fouls and thus to present the spectators with a nice game where the marginal utility of the game equates the price of the ticket. In Bangladesh, the rules of the game are, it seems, hardly complied with. For example, it is only the parliament in a parliamentary form of governance that umpires the debatable issues and unless both the parties have faith on it, the rules of the game are thought to be violated. Similarly, a democratic set-up usually assumes a free and fair media where the issues could be debated to make them more transparent but limiting its access to partners would simply deny a fair play. The free and fair media act as substitute of hartal in most of the countries of the world. Experiences in Bangladesh, as also elsewhere, are testimony to the fact that by depriving opposition of the use of media, a government tends to reveal more than it does to conceal facts.

A nation like Bangladesh cannot live by the criticism of the preceding regime alone. Over the last two decades or so, it has developed expectations heightened by the developments outside. Judged by these developments, the performances of our politicians at the moment tend to contribute to a higher co-efficient of frustration (expectation/performance). Lastly, the game of politics is not always like other matches where one can draw. A draw in the game of politics, in the context of developing society such as ours, may invite other players to occupy the field. So, let's play a fair game and thus make politics positive-sum game where both the parties stay at a higher level of equilibrium.

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possible. This is because management is fully aware that discerning and responding to the needs of the employees would ultimately benefit the management itself.

The Japanese management emphasises the need of in-house training and educational programmes. By such programmes, the authorities try to embed the business philosophy and corporate culture in the minds of the employees. It also provides the employees with skills and know-how required to perform their jobs and make them to understand the company's internal rules, system and procedures. This type of programmes are mostly conducted by the managers, by every means, imparting moral courage to the workers. On-the-job training is given by the intermediate managers and senior employees while off-the-job training is received from the educational wing, corresponding training programmes by professional training institutions, or by participation in Kaizen circles, and enrichment of business knowledge and managerial skill by way of job rotation.

The writer attended a seminar on Japanese Business and Industrial Management, organized by the Association for Overseas Technical Scholarship (AOTS) in Japan in collaboration with Bangladesh AOTS Alumni Society (BAAS) and BMDC, in February last.